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## Bulk of film incentives may be leaving state

By Christopher Behnan  
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The producers of a movie filmed in Howell say they spent more than \$15 million in Michigan last year, spurred on by a new state program that is using aggressive taxpayer-funded subsidies to promote Michigan's fledgling movie industry.

The \$15 million in Michigan expenditures was the highest of the 30 films that, so far, have received tax credits for last year, topping even the \$12 million reported by Clint Eastwood's hit movie "Gran Torino."

However, only about \$3.6 million of that was for goods and services in and around Livingston County. The bulk — \$11.6 million — was for salaries, and much of that likely went to actors and other employees who live out of state.

Citing privacy restrictions baked into the film credit legislation, state officials overseeing the program refuse to release specific details about spending or about the amount of tax dollars returned to each production.

Still, the details that have been released suggest that a small portion of the wages reported by the makers of "High School" — a stoner movie filmed in the Howell area late last year — actually went to Michigan residents.

According to information provided last week, "High School" hired 140 Michigan residents for part-time jobs during the 90-day filming period.

It's not known how much those in-state residents earned, but they would have had to average more than \$82,000 for a few weeks of work in order to account for \$11.6 million.

Part of that figure, though, is taxpayer-funded rebates to out-of state workers, including the first \$2 million earned while working in Michigan. That could include big-name actors, such as "High School" stars Michael Chiklis and Adrien Brody, according to David Zin of the state's nonpartisan Senate Fiscal Agency.

"It could add up quickly with something like that," he said.

Statewide figures show that the bulk of the money in the \$48 million taxpayer-funded incentive plan is going to salaries rather than goods and services. The figures do not indicate how much of those wages were paid to actors and employees who live outside Michigan.

Pressured by hearings conducted by state Sen. Nancy Cassis, R-Novi, the Michigan Film Office reported last month that 30 films made in Michigan last year reported expenditures of \$104 million, of which \$71 million went for salaries.

State officials, however, would not say how much of that money went to the approximately 2,800 Michigan residents who snagged part-time jobs that averaged only 23 days in length.

That's because the Michigan Department of Treasury is required to protect all individual or company tax information, according to Michael Shore, spokesman for the Michigan Economic Development Corp., a state agency charged with business development in Michigan.

"You're now talking about someone's tax information," he said.

Information about the incentive plan — expected to nearly double to about \$90 million this year — is hard to come by.

Rebate information on a per-film basis, for instance, has not been released to the Legislature or the public.

However, based on a 40 percent rebate figure spelled out in the film-credit law, the \$15 million spent on "High School" would suggest a \$6 million rebate to the film's producers.

That jibes with a figure supplied by the Mackinac Center for Public Policy, a Midland-based conservative think tank that is critical of the program. The center said it got the figure from an employee of Parallel Media, which produced the film.

While the latest report says that "High School" spent nearly \$3.8 million in goods and services in Michigan, there is no further breakdown on how that money was spent.

Some in the state Legislature, which rushed the film-credit bill through quickly last year, are now wondering if the program should provide more transparency.

Cassis, chairwoman of the Senate Finance Committee, indicated she was not satisfied with the information provided during a committee hearing this month by Michigan Film Office Director Janet Lockwood.

Cassis said she wants information, such as the type of jobs that are funded and other rebate information. She suggested further hearings may be necessary.

"I'm of the opinion that I believe we may be able to assess that through the Senate Fiscal Agency," she said. "If not, I would like to go further."

Zin also has been critical of the program.

He estimated the program will cost more than \$107 million in taxpayer-funded production credits this year, but it will only produce \$19 million in additional income, business, and sales and user tax revenue — a net loss of \$88 million for an already cash-strapped state.

Yet the EDC's Shore cautioned against hasty judgments, noting that early expenditures will pay off in long-term investments. Last month, for instance, a film production company announced it would be bringing 3,500 jobs to a venture in Allen Park.

"We're in the early stages of building an industry that, down the road, will provide permanent jobs and a large number of them," he said. "We're not there yet."

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## Additional Facts

### BY THE NUMBERS

If the Senate Fiscal Agency's projections of a net loss of \$88.4 million as result of Michigan's film incentive prove true, it would fly in the face of the state's following planned cutbacks in light of a \$1.3 billion shortfall:

- \$304 million from the state's general fund
  - \$41 million from state-shared revenue payments to communities, which include funding for hire police officers and firefighters
  - The layoff of 100 Michigan State Police officers, including three rookies from the Brighton post
  - The layoff of another 200 state employees in other departments
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